Al Mashaadir : Jurnal Ilmu Syariah
DOI: 10.52029/jis.xxxx.xx

Strengthening Sukuk Waqf as a Sustainable Islamic Financial Tool for Social Welfare Development

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ABSTRACT
Global economic growth by 2030 is expected to be dominated by developing countries, with significant gains from countries such as China, India and Indonesia. About 8.5 per cent of the world's population or about 700 million individuals live on less than $2.15 a day, which is categorised as extreme poverty and is important for low-income countries. On the other hand, 44 per cent of the world's population or about 3.5 billion people earn less than $6.85 a day, which falls into the poverty category associated with upper-middle-income countries. Development Goals in several sectors are to face the challenge of 2030, the challenge of national progress. Waqaf is a system of giving valuable goods or assets to be taken advantage of. In this paper, the author uses a research method in the form of a library study (library research) where he uses secondary data in the form of national and international journal literature, websites that discuss waqf. The literature is selected in accordance with the theme discussed and then the data is analysed using an inductive logic paradigm. Sukuk waqf is a financial instrument based on the principles of waqf and sharia securities where this type of waqf allows the use of waqf funds to be more productive than waqf in general with stability and sustainability.
Keywords: Sukuk, Waqf, Economy, CWLS, SDGs

ABSTRAK
Pertumbuhan ekonomi global pada tahun 2030 diperkirakan akan didominasi oleh negara-negara berkembang, dengan keuntungan signifikan dari negara-negara seperti Tiongkok, India, dan Indonesia. Sekitar 8,5 persen dari populasi dunia atau sekitar 700 juta orang hidup dengan kurang dari $2,15 per hari, yang dikategorikan sebagai kemiskinan ekstrem dan penting bagi negara-negara berpenghasilan rendah. Di sisi lain, 44 persen dari populasi dunia atau sekitar 3,5 miliar orang berpenghasilan kurang dari $6,85 per hari, yang termasuk dalam

kategori kemiskinan yang terkait dengan negara-negara berpenghasilan menengah ke atas. Tujuan Pembangunan di beberapa sektor adalah untuk menghadapi tantangan tahun 2030, tantangan kemajuan nasional. Wakaf adalah sistem pemberian barang atau aset berharga untuk dimanfaatkan. Dalam makalah ini, penulis menggunakan metode penelitian berupa studi kepustakaan (library research) di mana ia menggunakan data sekunder berupa literatur jurnal nasional dan internasional, situs web yang membahas wakaf. Literatur dipilih sesuai dengan tema yang dibahas, kemudian data dianalisis menggunakan paradigma logika induktif. Sukuk wakaf merupakan instrumen keuangan yang berbasis pada prinsip wakaf dan surat berharga syariah, di mana jenis wakaf ini memungkinkan pemanfaatan dana wakaf menjadi lebih produktif dibandingkan wakaf pada umumnya dengan stabilitas dan keberlanjutan.
Kata Kunci: Sukuk, Wakaf, Ekonomi, CWLS, SDGs

INTRODUCTION

Global economic growth in 2030 is expected to be dominated by developing countries, with significant income coming from countries such as China, India, and Indonesia. The world is currently developing plans for the future by launching the SDGs (Sustainable Development Goals). Achieving sustainable development and maintaining a balanced way of life has become one of the main focuses in every country.(Aini & Nasution, n.d.)

Approximately 8.5 per cent of the world's population, or around 700 million individuals, live on less than $2.15 per day, which is categorised as extreme poverty and is a significant issue for low-income countries. On the other hand, 44 per cent of the world's population, or approximately 3.5 billion people, earn less than $6.85 per day, which falls under the category of poverty associated with upper-middle-income countries. The development goals in several sectors are to address the challenges of 2030, namely the challenges of national progress. Waqaf is a system of giving valuable goods or assets to be used for the benefit of others.(Sulthoni, 2024)

Waqf plays a strategic role as one of the solutions in supporting national development, particularly through its contribution to improving the economy of the community, such as in the fields of education, health services, and strengthening the community's economy. Waqf is part of the philanthropic heritage in Islam that has a significant impact, with many institutions capable of empowering the community through waqf. Even in historical records, waqf has contributed to building the community.

In 2023, the potential for cash waqf in Indonesia was recorded at Rp 130 trillion, but in reality, it is still far from that figure. As of October 2023, the recorded income from cash waqf assets, comprising CWLS and

Non-CWLS, has only reached Rp 2.3 trillion or 1.71% of the potential, despite an increase from Rp 1.4 trillion in 2022. Several factors contributing to this situation include the ineffectiveness of regulations related to endowments, limited public understanding of endowments, low competence among endowment administrators, and limited use of technology. As a result, the significant potential of endowments has not been fully maximised in efforts to reduce poverty and inequality in Indonesia.(Anggraini, Dewi, & Rofiq, n.d.)

However, the potential of waqf in Indonesia has not been maximised. According to other sources, if every Muslim in Indonesia were to donate Rp 30,000 per month, this could amount to 72 trillion rupiah in a single year (Faradis, 2015). Therefore, optimising wakaf management is crucial given the immense potential it offers for achieving the Sustainable Development Goals (SDGs).

METHODS

In this paper, the author uses a library research method, where it use secondary data in the form of national and international journal literature and websites discussing waqf and SDGs. The literature was selected based on its relevance to the theme discussed, and the data was analysed using an inductive logic paradigm. In this study, the author also focused on the analysis of data obtained from websites discussing waqf and SDGs. The data analysis technique used was content analysis, which involves a thorough examination of the text to identify relevant data.

RESULTS AND DISCUSSION

The potential of waqf sukuk

The Sustainable Development Goals are an international United Nations programme with a mission to eradicate poverty, provide quality education, good health, decent work and environmental protection, as reflected in the 17 goals of the SDG programme. This programme was launched to advance a country's economy, equalise social welfare and environmental sustainability so that the community can enjoy a better quality of life. All countries are targets in this agenda, particularly Indonesia, which is still a developing country and where many people still live below the poverty line. This indicates that Indonesia is one of the target countries in the SDG programme. Indonesia is a majority Muslim country where people are closely tied to Sharia law, including in economic matters (Aisyah Siti, 2025). Therefore, Islamic teachings have a significant influence on daily life, especially in economic matters. This indicates that the programmes launched must also be in line with Sharia

principles. Fortunately, Islam already has solutions that can be used to address economic issues, one of which is Waqf.

Waqf is one of the instruments of Islamic philanthropy that plays a role in empowering the economy and welfare of the people. Its existence is very significant in improving the economic and social standards of the people(Aisyah, n.d.). In terms of terminology, waqf means an act of withholding and allocating assets or property for the sake of public welfare or good in order to get closer to the Creator. The proceeds from the allocation or retention of these assets are used for the benefit of the Muslim community as a whole, as wakaf itself is considered an act of worship, so those who donate wakaf will continue to receive the reward of ongoing blessings from Allah SWT (2020).

In Islam, wakaf is one of the economic sources and instruments that play a role in enhancing the welfare of society. However, it has received little attention, as many people today prefer non-Sharia economic products over Sharia products due to low literacy regarding Sharia economics. This has led to the underutilization of Islamic economic instruments like wakaf among the Indonesian public. Wakaf itself is one of the Islamic philanthropic practices with a broader scope of benefits compared to other financial instruments. This is due to its long-term benefits and wide productivity, as it can be used for education, economy, health, and social welfare (Diawati S, 2025).

However, this great potential also presents challenges in the management of waqf. The large amount of waqf land that is not properly managed has resulted in the hindrance of waqf productivity. This is due to a lack of funds to empower the land, causing the waqf land to become unproductive. This indicates that funding is an important aspect in managing waqf, and to overcome this, waqf sukuk has been introduced to solve the problem. Sukuk is an important instrument for boosting a country's economic growth. It is not only an alternative but also makes a real contribution to increasing financial equality among the people, especially in the sharia market sector. In the sharia sector, wakaf sukuk emerged; a sukuk instrument based on sharia principles(Faiza, 2022).

Wakaf sukuk is a financial instrument based on wakaf principles and sharia-compliant securities, where this type of wakaf allows for more productive use of wakaf funds compared to conventional wakaf, with greater stability and sustainability than other wakaf products. Wakaf sukuk opens new opportunities to advance the economy of the Muslim community with more open participation, allowing the public to benefit broader sectors such as education, health, social welfare, and others. The benefits of wakaf sukuk are significant, as the funds collected can be used to build schools, hospitals, and other public facilities. Additionally,

DOI: 10.52029/jis.xxxx.xx

the management of wakaf sukuk is far more transparent than other types of wakaf, ensuring greater accountability. (Andini & Winario, 2024)

As is known, Indonesia has a Muslim population of approximately 238 million people. However, public participation in wakaf remains relatively low. According to data from the Ministry of Religion of the Republic of Indonesia, the potential for wakaf in Indonesia reaches Rp180 trillion per year, but the actual realisation has only reached Rp2.3 trillion. In the forum, Dompet Dhuafa explained that in the wakaf business model, the assets donated through wakaf are professionally managed to ensure sustainability and enhance their value. The proceeds from this management are then used to support various social programmes and humanitarian activities. This model often involves synergy between waqf management institutions and the private sector, such as collaboration with CIMB Syariah Bank through sharia sukuk instruments used for state infrastructure financing and community economic empowerment. This approach integrates the principles of waqf with investment mechanisms that comply with Islamic law.

The following is information on the potential for waqf sukuk in Indonesia from 2020 to 2023:

Table 1 Potential of Waqf Sukuk in Indonesia

Year	Series & Type	Fund Volume (Rp billion)	Return Rate / Coupon	Remarks
2020	SW001 (retail)	**14.9**	5.5% per year	1,041 waqif participated in the initial offering of CWLS Retail SWR001
2021	SWR002	**24.141**	5.57%	Second series sale succeeded during the pandemic
2022	SWR003	**38.25**	5.05%	Record registration, 688 waqif, dominated by online participation
2023	SWR004	**112.56**	5.85% (floating with floor)	Largest volume in the history of CWLS

Source: Indonesian Waqf Board (BWI)

Based on the data in the table above, we can see that the government has published significant growth from 2020 to 2024, indicating the enormous potential of waqf sukuk in the future, from 14.9 billion to 112.56 billion in four years.(Alfidhatun, 2024) This increase indicates that the Indonesian public is beginning to recognise the potential of wakaf sukuk, signifying that wakaf sukuk offers significant opportunities for advancing Indonesia's economy and improving the welfare of its people. Additionally, data on the realisation of wakaf sukuk fund collection shows that BWI disbursed CWLS proceeds amounting to Rp.24.81 billion in 2023. The collected CWLS proceeds were channelled to various sectors, such as Education, Health, Religious Affairs, and other social activities, as detailed in the table below.

Table 2: Realisation of Waqf Sukuk funds

DOI: 10.52029/jis.xxxx.xx

Utilization Sector	2023 Yield Fund (Rp)	Number of Beneficiaries
Education	23,310,000,000	650 people
Health	1,630,000,000	685 people
Agriculture & Livestock	1,540,000,000	508 people
Economic Empowerment	591,000,000	115 people
Religious	476,000,000	42 people
Social (others)	125,000,000	7 people

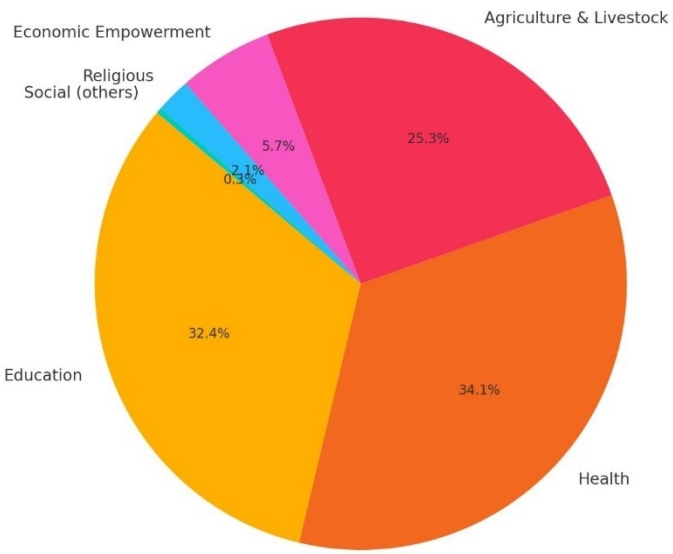
Source : sumateraekspress.id

Based on data on the utilisation of waqf sukuk yield funds in 2023, the total funds disbursed reached around Rp27.67 billion, spread across six strategic social sectors. The education sector received the largest allocation, both in terms of nominal value and number of beneficiaries, amounting to Rp23.31 billion disbursed to 650 recipients. This indicates that education is a top priority in the distribution of wakaf proceeds, in line with the vision of human resource development that is the focus of the Indonesian government in the 2020–2024 National Medium-Term Development Plan (RPJMN)(Sulthoni, 2024).

In the health sector, funds amounting to Rp1.63 billion were distributed to 685 beneficiaries, which was actually more in terms of number than the education sector. This suggests that health programmes funded may be more affordable or take the form of mass services such as health education, free check-ups, or the provision of basic health facilities, which have a broad impact with relatively smaller budget allocations. The agriculture and livestock sector received an allocation of Rp1.54 billion with 508 beneficiaries. This shows that wakaf sukuk has begun to be directed towards supporting the real economy and food security, which can serve as a sustainable community empowerment tool.

Interestingly, the allocation for economic empowerment was only Rp591 million, significantly smaller than the previous sectors, despite its potential to directly improve the economic well-being of the community. Meanwhile, the religious and other social sectors each received only Rp476 million and Rp125 million, respectively, with a very small number of beneficiaries (42 and 7 people). Based on the distribution graph of the 2023 wakaf sukuk return funds as stated:

Figure 1: Graph of the Percentage Realisation of Waqf Sukuk Funds



Source : sumateraekspress.id

From the information in the diagram above, it can be seen that the proceeds from the 2023 waqf sukuk, as stated, have funded several sectors, such as education (84.2%), health (5.9%), agriculture and livestock (5.6%), economic empowerment (2.1%), religion (1.7%), and social (miscellaneous) (0.5%).

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